

7 April 1950

MEMORANDUM FOR THE DIRECTOR OF CENTRAL INTELLIGENCE

VIA : Chief, Inspection and Security Staff

SUBJECT : Unauthorized disclosure by Department of Commerce of CIA participation in export control program

1. In connection with CIA's participation in the work of the interdepartmental export control committee, the appropriate officials of the Department of Commerce agreed not to mention this agency in connection with the export control program without prior clearance with I&S. In no case was any mention to be made of CIA in other than a classified document. Various minor deviations from this agreement have occurred from time to time within the Department of Commerce, but these cases have been dealt with as they arose and have not caused serious difficulty. 25X1A9a

2. The March 27 issue of Foreign Commerce Weekly (copy attached), published by the OIT and widely distributed to trade and trade representatives in the United States and in foreign countries, contained an article entitled "Export Control: An Appraisal of Significant Recent Developments", in which the CIA is mentioned as one of the agencies represented on the Advisory Committee on Requirements and various subcommittees concerned with export control. The article also contains various other statements which clearly disclose the pattern of the participation of the CIA in the export control administration. The following two statements are examples:

"Security controls, however, required analysis of the war potential of countries in the Soviet orbit, the evaluation of the inherent strategic importance of many commodities, the strategic significance to the Soviets of various quantities of such commodities, and similar considerations."

"Evidence received by OIT from the various intelligence services has attested to the impact of these controls on the Soviet area's industrial war potential. Additional evidence lies in their constant search for such equipment through clandestine channels and the premium prices being offered for many commodities."

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The article presents the following two problems:

(a) The mention in an unclassified publication of the CIA's participation in the export control program is a breach of the understanding referred to above, that no mention should be made of the CIA's participation, except with prior clearance, and in no case in an unclassified document.

(b) The mention of CIA's participation, together with information of the sort contained in the two quotations above, gives a complete picture of CIA use of classified materials in connection with the export control program. This article will put many of our sources on notice that the information given to any CIA representative will be made available to the OIT licensing officers with whom many of them are dealing, directly or indirectly, with reference to export licenses.

3. When the situation described above was brought to the attention of the CIA representative on the Advisory Committee on Requirements, he advised the appropriate officials of the Department of Commerce that his participation in the work of that committee and that of other CIA members who had been participating in the work of technical subcommittees on export control would be limited to observation only pending reconsideration of the security arrangements within the Department of Commerce. The seriousness of what is regarded as a violation of the agreement entered into by the Department of Commerce with this agency and the serious implications of the breach of security involved require that the matter be adjusted at the highest level of the Department of Commerce. *(understanding)*

4. It is therefore recommended that the Chief, Inspection and Security Staff, be authorized to negotiate a formal written agreement with the proper officials of the Department of Commerce designed to prevent a repetition of the publication of information harmful to CIA, and that pending the negotiation of such an agreement CIA participation in the export control program be limited to observation and that no classified information of any kind be passed to the Department of Commerce.

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Assistant Director
Reports and Estimates

CONCUR: 25X1A9a


Operations

7 Apr '50
Date

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